

from a lease to that independent contractor as a tenant at a second health care facility. This change recognizes the limited number of health care providers available to serve as an independent contractor on a property acquired by the REIT in foreclosure, and the REIT's likely inability to simply close the facility due to the nature of the facility's inhabitants.

In addition, the health care rules would extend the foreclosure property rules to expirations or terminations of health care REIT leases, since similar issues concerning a limited number of operators arise in those circumstances. However, foreclosure property treatment in these cases would be limited to a two-year period, unless the Secretary grants one or two possible two-year extensions.

Section 304. Payments Under Hedging Instruments. H.R. 1150 would extend the REIT variable interest hedging rule to permit a REIT to treat as qualifying any income from the hedge of any REIT liability secured by real property or used to acquire or improve real property. For example, this provision would apply to hedging a REIT's unsecured corporate debenture or the currency risk of a debt offering denominated in a foreign currency.

Section 305. Excess Noncash Income. H.R. 1150 would expand the use of the excess noncash income exclusion currently provided under the REIT distribution rules. The bill would (1) extend the exclusion to include most forms of phantom income and (2) make the exclusion available to accrual basis REITs. Under the exclusion, listed forms of phantom income would be excluded from the REIT 90% distribution requirement. However, the income would be taxed at the REIT level if the REIT did not make sufficient distributions.

Section 306. Prohibited Transaction Safe Harbor. H.R. 1150 would correct a problem in the wording of Congress' past liberalization of the safe harbor from the 100% excise tax on prohibited transactions, *i.e.*, sales of property in the ordinary course of business. Involuntary conversions of property no longer would count against the permitted 7 sales of property under the safe harbor.

Section 307. Shared Appreciation Mortgages ("SAM"). In general, section 856(j) provides that a REIT may receive income based on a borrower's sale of the underlying property. However, the character of that income is determined by the borrower's actions. The SAM provision would be modified and clarified so that a REIT lender would not be penalized by a borrower's bankruptcy (an event beyond its control) and would clarify that a SAM could be based on appreciation in value as well as gain.

Section 308. Wholly Owned Subsidiaries. In 1986, Congress realized the usefulness of a REIT holding properties in subsidiaries to limit its liability exposure. H.R. 1150 would codify an IRS private letter ruling position providing that a REIT may treat a wholly-owned subsidiary as a qualified REIT subsidiary even if the subsidiary previously had been owned by a non-REIT entity. H.R. 1150 would allow a REIT to treat a corporation as a qualified REIT subsidiary when it acquires for cash and/or stock all the stock of a non-REIT C or S corporation.

The effective date would be for taxable years beginning after the date of enactment.

PERSONAL EXPLANATION

HON. VAN HILLEARY

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1997

Mr. HILLEARY. Mr. Speaker, on rollcall No. 62, I was unavoidably detained from the House Chamber. Had I been present I would have cast my vote as a "Yes". I ask unanimous consent to have this statement printed in the CONGRESSIONAL RECORD immediately following rollcall vote 62.

CONNECTICUT PAYS TRIBUTE TO SECRETARY RON BROWN

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1997

Ms. DELAURO. Mr. Speaker, on Monday, March 24, 1997 Connecticut will become the first State to participate in a State to State Day for the Ronald H. Brown Foundation. I am very pleased to rise today to pay tribute to the life and work of Ronald Brown and his family's efforts to continue his work through the Ronald H. Brown Foundation.

Secretary Brown spent a lifetime working to improve and expand opportunities for Americans. He spent 12 years working for the National Urban League as Deputy Executive Director, General Counsel and vice president for its Washington organization. He will always be remembered for his tremendously successful tenure as chairman of the Democratic National Committee when he was instrumental in President Clinton's election. The President referred to Ron as "a strong and independent leader and a forceful advocate" when he nominated him to be the 30th United States Secretary of Commerce.

Dynamic and persuasive, Ron Brown used his position in the Commerce Department to be a tireless crusader for economic policies which build a partnership between the public and private sectors. While Secretary of Commerce, Ron made working with small business and minority entrepreneurs one of his priorities. However, Ron Brown's focus did not stop at the United States borders. He realized that America had to retain the lead in international commerce to continue to grow and provide economic opportunity for all of its citizens. To this end, he traveled the world to promote trade and the export of United States goods and services. Indeed, he will long be remembered for his far-reaching vision and unique style.

Ron Brown believed that economic opportunity would come from the integration of education, political development and international commerce. His legacy to us is the challenge of making his goals a reality. His family has taken on that challenge and founded the Ronald H. Brown Foundation to ensure that Ron Brown's lifetime of work will be carried on. The Foundation will focus on three areas: policy development, global commerce, and education.

I am proud that Connecticut is the first State to participate in the State to State effort to get the Ronald H. Brown Foundation on its way. I thank Ron Brown's wife Alma and his chil-

dren, Michael and Tracy, for allowing me to be a part of this exciting new venture. We all have great hopes for the Foundation and I know that Ron Brown would be pleased to see that the vision he dedicated his life to is now closer to reality. My congratulations to everyone involved in this extraordinary project.

TRIBUTE TO RICHARD KATZ

HON. BRAD SHERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1997

Mr. SHERMAN. Mr. Speaker, I rise today to pay tribute to Richard Katz for his years of service to the people of California, especially to the residents of the San Fernando Valley. This week Mr. Katz is being recognized by the San Fernando Valley Interfaith Council with the "Spirit of the Valley" award which is the highest honor the Council bestows on former public officials, recognizing Mr. Katz's enormous contributions to our area and our State.

During his 16 years in the State government he served as chairman of the Transportation Committee and later as the Democratic Leader of the Assembly. His career is a record of distinguished service, as Mr. Katz was on the forefront of a number of issues important to Californians. The impact of his work varied widely from supporting the Mountain Lion Protection Act which banned the sport hunting of mountain lions and restored lost habitat, to aiding the victims of the Northridge Earthquake in the form of immediate tax relief.

Transportation improvements is the area in which Richard perhaps left his most enduring legacy. He authored Proposition 111, which raised more money for mass transit and highways than any effort in the history of California and created the Congestion Management Program which required cities to measure the impact of land use decisions on their roadways. He helped initiate California's Smog Check Program, which is still the strongest anti-smog program in the Nation. Finally, he worked to retire unsafe school buses with newer fuel efficient replacements, which benefits both the kids that depend upon them and the local environment.

It has been said that, the politician thinks of the next election, the statesman thinks of the next generation. Richard Katz's work in helping the children of California certainly classifies him as a statesman. He played a leading role in the Gang Risk Intervention Program which targets at-risk youth before they get involved with gangs. He recognized early on the importance of educating our children on computer use, as he developed and galvanized support for computer education programs in our public schools.

During his 16 years in the California legislature, Mr. Katz was known as a hard working and effective legislator. The effects of his leadership will be felt in areas ranging from crime prevention, environmental and consumer protection, transportation improvements and family issues. Throughout his career he maintained a relaxed and informal demeanor making him very approachable to Valley residents. Indeed the people of the San Fernando Valley are fortunate to have had Richard Katz as their representative. The area will reap the benefits of his work for generations to come.